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United Nations Fund for International Partnerships

Tenth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General on the United Nations Fund for International Partnerships of 5 February 2000 (A/55/763), submitted pursuant to General Assembly decisions 52/466 of 31 March 1998 and 53/475 of 8 June 1999. During its consideration of the reports, the Committee met with representatives of the Secretary-General, who provided additional information.

2. The Advisory Committee recalls that, following Robert Edward Turner's announcement of a gift valued at $1 billion in support of United Nations causes on 18 September 1997, a United Nations Fund for International Partnerships (UNFIP) was created, on 1 March 1998, to work with the United Nations Foundation (UNF). In this regard, an agreement was signed on 12 June 1998 between the United Nations and the United Nations Foundation, the text of which is contained in the report of the Secretary-General on UNFIP of 24 November 1998 (A/53/700, annex).

3. With regard to the agreement, the Advisory Committee was informed that a review of the relationship agreement was being undertaken, with the participation of the Comptroller and the Office of Legal Affairs. The Committee trusts that, once finalized, the review will be provided to the General Assembly, for informational purposes.

4. In the report of the Secretary-General of 5 February 2001, it is indicated that a total of some $75 million has been programmed for 2000 (see A/55/763, summary). Moreover, as shown in the report, at the end of 2000 the Fund's programme portfolio included 169 projects at an approximate total cost of $311.8 million (ibid., annex). Details regarding the projects and status of each of the four programme framework areas are also provided in the report (ibid., paras. 5-30). The Advisory Committee notes that, since April 1998, eight funding rounds have taken place, three rounds in 2000 (ibid., paras. 39-42). It is envisaged that two funding rounds will take place in March and November 2001, and that two programme areas will be considered at each round (ibid., para. 43).

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5. The Advisory Committee also notes that of the above-mentioned total amount of $311.8 million approved to date, $63.4 million represents contributions from other sources, for example $50 million provided by another partnership, the Bill and Melinda Gates Foundation, for the polio eradication initiative (ibid., para. 7). This puts UNF's net funding through UNFIP to date at $248.4 million.

6. The most recent report of the Advisory Committee on UNFIP was submitted to the General Assembly on 14 May 1999 (A/53/7/Add.11). The Committee, however, annually reviews the Fund's administrative costs and submits its comments to the Secretary-General. The last two letters sent by the Chairman to the Secretary-General on behalf of the Advisory Committee are attached to the present report (see annexes I and II). The Committee is also attaching information provided to it, upon enquiry, with regard to the status of implementation of the recommendations of the Board of Auditors on the biennium 1998-1999 (see annex III). During its consideration of the administrative cost estimates for 2001, the Committee stressed the need for more accurate and timely budgetary information.

7. The Advisory Committee notes that the Fund's current staffing establishment consists of 7 Professional and 7 General Service staff, including a D-2 level post for the Executive Director who reports to the Secretary-General. The Committee recalls that it had indicated, in its last report on UNFIP, its intention to review the Assistant Secretary-General level post of the Executive Director after 31 December 1999, in the context of the examination of the administrative budget of the Trust Fund for 2000 (A/53/7/Add.11, para. 10).

8. The Advisory Committee reviewed the level of the post in that context and concurred with the establishment of a D-2 level post for the Executive Director in a letter dated 10 January 2000 sent by the Chairman of the Committee to the Secretary-General. The Committee has further agreed to the proposal that the Trust Fund finance 18 posts (1 D-2, 2 P-5, 6 P-4 and 9 General Service), representing an increase of 4 posts (2 P-4 and 2 General Service), in the context of its consideration of the estimates for administrative costs of UNFIP for 2001 (see annex II), in view of the increase in workload resulting from the increased number of projects in the four programme frameworks.

9. **The Advisory Committee recommends that the General Assembly take note of the report of the Secretary-General (A/55/763). The Committee will provide additional comments in the context of the additional information provided in the programme budget for the biennium 2002-2003.**

Annex I

Letter dated 29 December 2000 from the Chairman of the Advisory Committee on Administrative and Budgetary Questions addressed to the Secretary-General

The Advisory Committee on Administrative and Budgetary Questions has considered the estimates for administrative costs of the United Nations Fund for International Partnerships (UNFIP) for 2001.

The Advisory Committee notes that for 2001, the total administrative costs for the Trust Fund are estimated at $2,578,000, representing an increase of $978,200 when compared to the amount of $1,599,800 for 2000.

With regard to staff resources, the Advisory Committee notes that for 2001, it is proposed that the Trust Fund finance 18 posts (one D-2, two P-5, six P-4 and nine General Service), representing an increase of four posts (two P-4 and two General Service).

The Advisory Committee was not satisfied with the presentation of the budget estimates. The Advisory Committee has repeatedly stressed that all estimates of expenditure, regardless of the source of funding, should be subject to the same rigorous requirements of analysis and justification. Now that UNFIP is firmly established, the Advisory Committee expects that future budget presentations will conform to standard United Nations practice.

Upon enquiry, the Advisory Committee was informed that the funding mechanism had been modified to adjust UNFIP's operating budget to take into account increased workload. The Committee, however, was not provided with terms of the new arrangement. It is essential for the Committee to have the text of a written agreement in order that it may satisfy itself that funding is assured for the proposed expenditure.

The Advisory Committee notes that one of the new P-4 posts is for a programme officer in the new area of peace, security and human rights. Upon enquiry, the Committee was informed that the scope of the new programme area will be fully developed in 2001. In the opinion of the Advisory Committee, until this programme is finalized it is not possible to know how much additional workload there will be on a continuing basis.

The Advisory Committee recalls that the Board of Auditors made a number of recommendations which, if implemented, would lead to increased efficiency of the Trust Fund. The budget estimates should have contained information on the implementation of the recommendations of the Board of Auditors.

The Advisory Committee notes that provision is made for monitoring and evaluation of projects by the Trust Fund. While recognizing the need for these activities on the part of UNFIP, the Committee is concerned with the lack of a clear distinction between the monitoring and evaluation functions of the Secretariat and those of the implementing partners. In this connection, the Committee trusts that care will be taken to avoid duplication of efforts.

Given the fact that the Advisory Committee did not receive the UNFIP estimates until the last week of its autumn session, the Committee did not have the opportunity to fully pursue its enquiries with regard to your proposals.

Under the circumstances, the Advisory Committee will revert to this subject during its winter session, in the context of its consideration of the annual report of the Trust Fund.

(*Signed*) C.S.M. **Mselle**
Chairman

Annex II

Letter dated 13 March 2001 from the Chairman of the Advisory Committee on Administrative and Budgetary Questions addressed to the Secretary-General

The Advisory Committee on Administrative and Budgetary Questions has reviewed the estimates for administrative costs of the United Nations Fund for International Partnerships (UNFIP) for 2001. In this connection, the Committee recalls that it initially considered these estimates in December 2000 and that, in the letter sent to you by the Chairman of the Committee, dated 29 December 2000, it indicated that the Committee was not "satisfied with the presentation of the budget estimates", stressing that "all estimates of expenditure, regardless of the source of funding, should be subject to the same rigorous requirements of analysis and justification", and its expectation that future presentations "would conform to standard United Nations practice". The Committee further made a series of observations and recommendations in that letter and indicated it would "revert to this subject during its winter session".

The Committee welcomes the information provided as an attachment to the letter sent by the Director of Programme Planning and Budget Division, OPPBA, of 6 March 2001, which takes into account the observations and comments of the Advisory Committee contained in its letter of 29 December 2000, mentioned above, such as its request for information on the implementation of the recommendations of the Board of Auditors and clarification as to the monitoring and evaluation activities of UNFIP. The Committee requests that such comprehensive information be included in future submissions, providing analysis and justification, in a format in conformity with United Nations budgeting practices.

In view of the increasing number of projects under each of the four programme frameworks and the increase in workload required as to programme formulation, appraisal, review and evaluation, the Committee concurs with the need for 4 additional posts for 2001 (2 P-4 and 2 General Service).

The Committee noted, however, that the post of the Executive Director is shown at the Assistant Secretary-General level in table 2 of the supplementary information. In this regard, the Committee recalls the letter addressed to you by the Chairman of the Advisory Committee, dated 10 January 2000, in which it is indicated that, after a review of this issue, the Committee had concurred with the D-2 level for the post of the Executive Director.

In connection with the terms of the funding mechanism, the Committee was provided with a copy of the letter of the United Nations Foundation, dated 10 January 2001, to the Executive Director of UNFIP, which confirmed the agreement at the meeting of the Board of Directors held in November 2000, to set UNFIP's operational budget for 2001 at $2,578,000. As to a change in the written agreement between UNFIP and the United Nations Foundation, the Committee was informed that a review was currently being undertaken, involving the Comptroller and the Office of Legal Affairs. The Committee reiterates that it is essential to the Committee to receive a copy of the new arrangement once finalized.

The Committee notes the statement made in paragraph 48 of the report of the Secretary-General (A/55/763), and is convinced of the desirability, in the near

future, of assessing the results and impact of the projects implemented in order to evaluate progress not only in the different programme frameworks but also to identify areas of possible improvement or complementarity among the frameworks.

(*Signed*) C.S.M. **Mselle**
Chairman

Annex III

Status of implementation of the recommendations of the Board of Auditors on the biennium 1998-1999

Action taken by UNFIP to implement the audit recommendations in the report of the Board of Auditors to the General Assembly[a] are contained in the first report on the implementation of the recommendations of the Board of Auditors on the accounts of the United Nations for the biennium ended 31 December 1999.[b] Additional measures are described below with a view to further strengthening implementation of the recommendations in the future.

Recommendations of the Board of Auditors[a]	*Implementation by the United Nations Fund for International Partnerships*
(a) That UNFIP enforce the requirement for implementing partners to submit quarterly utilization reports within the required 30 days after the end of the quarter (para. 41)	UNFIP, in consultation with UNF, has withheld funding in instances where quarterly utilization reports were delinquent. This option will be introduced in a more systematic and predictable form following publication of an UNFIP procedural manual in 2001. In addition, UNFIP has systematically impressed upon its implementing partners, both orally and in writing, the importance of timely submission of quarterly utilization reports, as a practice of benefit to all stakeholders. The agenda of the focal points meetings of 28 November 2000 and of 13 February 2001 included discussions of reporting requirements (both financial and progress reports). As part of standard operating procedures since the end of 1999, notices of scheduled reporting requirements are sent to all implementing partners in advance of deadline requesting timely submission of quarterly utilization reports; follow-up reminders are sent to offices that remain delinquent.
(b) That UNFIP should closely monitor submissions of the report on the status of project accomplishment by implementing partners (para. 49)	On 14 July 2000, the UNFIP Director of Programmes informed heads of agency of the revised schedule and detailed specifications on periodic and final progress reporting. As with quarterly utilization reports, reminders and follow-ups are standard operating procedures. UNFIP will follow-up closely in 2001 to ensure that agreed reporting requirements are met. The meeting of focal points of 13 February 2001 provided the first major step.
(c) That UNFIP include in project reports and documents clear information on planned and actual starting dates and project duration (para. 53)	At the focal points meeting held on 28 November 2000 it was agreed that "start date" would refer to the date when agencies receive cash transfers at their headquarters.
(d) That UNFIP modify the periodic financial utilization reports to include an	Following the dissemination of a revised schedule for the progress reporting requirements

Recommendations of the Board of Auditors[a]	*Implementation by the United Nations Fund for International Partnerships*
assessment of the degree to which goals of the project have been achieved in comparison with targets (para. 53)	in July 2000, UNFIP discussed with focal points — in November 2000 and in February 2001 — the need for succinct mid-year progress reports attached to the quarterly utilization reports. It is anticipated that guidelines will be developed in the first half of 2001 and, considering the reporting changes introduced in July 2000, issued to implementing partners at the most appropriate time, in order to maximize the impact of the new measures. The concept was included in the draft project format requirements distributed to focal points in February 2001.
(e) That UNFIP establish an operating reserve (para. 56)	In December 2000, UNFIP officially requested the Office of Programme Planning, Budget and Accounts to implement this recommendation.
(f) That UNFIP liase with the Office of Programme Planning, Budget and Accounts and the United Nations Treasury to review the banking arrangements of the UNFIP specific Trust Fund account and the programme support account to ensure that the cash positions of the two funds are properly reflected (para. 60)	No further action required at this time.
(g) That UNFIP take the necessary action to reduce funding delays (para. 47)	At the meeting of focal points in November 2000, UNFIP introduced the following measures: – Sunset clause for finalizing project documents following Board approval – Elimination of the Project Development Facility (PDF) in favour of a single project document (draft UNFIP requirements (see (d) above) were distributed in support of this change)

[a] *Official Records of the General Assembly, Fifty-fifth Session, Supplement No. 5* (A/55/5), vol. I, chap. II.

[b] A/55/380.